

A meeting of the  
**WECA Audit Committee**

will be held on

**Date:** Thursday, 27 February 2020  
**Time:** 10:30am  
**Place:** Board Room, 3 Rivergate BS1 6EW

Notice of this meeting is given to members of the West of England Audit Committee as follows

Cllr Geoff Gollop, Bristol City Council  
Cllr Tom Davies, Bath and North East Somerset Council  
Cllr Andy Wait, Bath and North East Somerset Council  
Cllr Tim Kent, Bristol City Council  
Cllr Mark Bradshaw, Bristol City Council  
Cllr Cleo Lake, Bristol City Council  
Cllr Brenda Massey, Bristol City Council  
Cllr Donald Alexander, Bristol City Council  
Cllr John Ashe, South Gloucestershire Council  
Cllr John O'Neill, South Gloucestershire Council  
Cllr Brenda Langley, South Gloucestershire Council

**Enquiries to:**

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# West of England Combined Authority Committee Agenda

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- Inspect agendas, reports and minutes of the WECA and all WECA Committees and Sub-Committees for up to six years following a meeting.
- Inspect background papers used to prepare public reports for a period public reports for a period of up to four years from the date of the meeting. (A list of background papers to a report is given at the end of each report.) A background paper is a document on which the officer has relied in writing the report.
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- Have a reasonable number of copies of agendas and reports (relating to items to be considered in public) made available to the public attending meetings of WECA, Committees and Sub-Committees
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Please phone 0117 42 86210**

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**10.1. INTERNAL AUDIT UPDATE**

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*To update the Committee on Internal Audit work in 2019/20.*

**Next meeting: To Be Arranged**

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## **REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY AUDIT COMMITTEE**

**DATE: 27 February 2020**

**REPORT TITLE: INTERNAL AUDIT UPDATE**

**AUTHOR: JEFF WRING – AUDIT WEST (INTERNAL AUDIT)**

### **Purpose of Report**

1. To update the Committee on Internal Audit work in 2019/20.

### **Recommendation:**

To note the report.

### **Issues for Consideration**

2. To note the areas under review and progress against the plan as at 31 December 2019. These are in the context of WECA being a relatively new organisation and the core assurances it requires from its audit function on its core systems and governance framework.
3. To ensure that the Audit Committee can rely on the independent assurance given by its Internal Auditor's.

### **Report Narrative / Main Content**

- 4.1 The Committee was presented with the proposed Audit Plan at its meeting on 31<sup>st</sup> July 2019 (Appendix 1). This approach involved a mixture of formal audit work along with an assessment of the internal control framework to inform the plan for future years using our reasonable assurance model.
- 4.2 The table in section 4.6 summarises the status of work as either complete, planned or work in progress. Whilst there are currently no significant areas or issues of concern to raise with the Committee we remain focussed on the significant ICT and Financial Systems Programme and the level of assurance we can provide. The Committee is well aware from its recent meetings of the importance of this programme to the effectiveness and accuracy of financial information produced by the Authority
- 4.3 Due to the implementation of this programme and the subsequent impact on systems and resources it was important to adopt a flexible approach to our work. In consultation with the Director of Investment & Corporate Services it was agreed that many of the audits in the audit plan should be scheduled for the third and fourth quarters of this financial year to reduce the impact on the service areas and to allow for new systems and processes to become established and embedded. As a result, the focus in the first half of this year has

been on providing support and guidance where necessary in respect of the ICT and Financial System programme. In this respect we have attended a number of ICT Programme Board meetings and provided guidance on the completeness and content of the suite of ICT policies and procedures.

An overview of the due diligence undertaken when procuring the new ICT service was also undertaken. The framework of controls for this particular phase was considered to be adequate and reasonable assurance could be provided. More detailed ICT and Financial Systems audit work will be undertaken in the final quarter of this financial year to provide assurance on the transition from project to business as usual which will include formal testing of controls in respect of Payroll, Accounts Receivable and Accounts Payable.

4.4 The Plan will continue to remain fluid to the end of the year to enable the service to respond to WECA's changing risk environment and based on the limited level of days available the review of the Housing Infrastructure Fund will be phased into next years plan to ensure all the remaining reviews can be completed.

4.5 The Committee will receive another update on the work undertaken at its next meeting when it will receive summaries of work completed for each individual audit area.

**4.6 Summary of Audit Work & Status – 2019/20**

<b>Ref</b>	<b>Area Under Review</b>	<b>Status</b>
19-001W	Treasury Management	In Progress
19-002W	ICT & Financial Systems Programme	In Progress and ongoing
19-003W	Land Acquisition Fund	In Progress
19-004W	Housing Infrastructure Fund	Phased for 2020/21
19-005W	Risk Management Follow Up	Complete – 100% Implementation
19-005W	Control Account Reconciliations Follow Up	Complete – 100% implementation
19-005W	Bank Account Reconciliations Follow Up	Complete – 100% implementation
19-005W	Future Bright Follow Up	In Progress
19-005W	Counter Fraud Arrangements Follow Up	In Progress
19-005W	Adult Education Budget Follow Up	In Progress
19-006W	Reasonable Assurance Model – Corporate Governance	In Progress
19-006W	Reasonable Assurance Model – Financial Management	In Progress
19-006W	Reasonable Assurance Model – Risk Management	In Progress
19-006W	Reasonable Assurance Model – Performance Management	In Progress
19-006W	Reasonable Assurance Model – Procurement & Commissioning	In Progress
19-006W	Reasonable Assurance Model – Programme & Project Management	In Progress
19-006W	Reasonable Assurance Model – Information Management	In Progress
19-006W	Reasonable Assurance Model – Asset Management	In Progress
19-007W	Grant Certification – Growth Hub	Complete - Final - Satisfactory
19-008W	Grant Certification – Enterprise Network Admin	In Progress
19-009W	Grant Certification – Apprentiship Employees	In Progress
19-010W	Grant Certification – Local Growth Fund	In Progress

**Consultation:**

5. Report and work undertaken is consulted with the Director of Investment & Corporate Services.

**Public Sector Equality Duties:**

6. No direct implications

**Economic Impact Assessment:**

7. No direct implications.

**Finance Implications:**

8. No direct implications, cost of service within existing budgets

**Legal Implications:**

9 No direct implications

**Land/Property Implications;**

10 No direct implications.

**Human Resources Implications:**

11 No direct implications

**Climate Change Implications**

12 No direct implications

**Report Author:**

**West of England Combined Authority Contact: Malcolm Coe – Director of Investment & Corporate Services.**

**West of England Combined Authority Contact:**

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email:

[democratic.services@westofengland-ca.gov.uk](mailto:democratic.services@westofengland-ca.gov.uk)

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# Internal Audit Plan 2019/20



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**Audit West**

**Delivering Independent Assurance to the Public Sector**

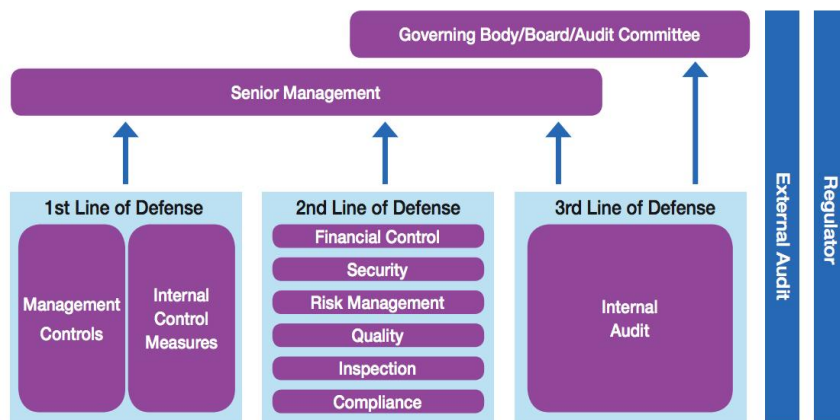
# 1. Our Role

## Introduction

The West of England Combined Authority is striving to be a driving force for clean and inclusive economic growth in the West of England with the aim to ensure that people benefit from more job opportunities, a stronger economy and a higher quality of life. To achieve this the Authority has recognised the importance of excellence in resource management and sound governance as fundamental to achieving these priorities.

Audit West fully recognizes its need to be flexible and agile in the face of the significant changes affecting the whole of the public sector and meet the needs of its stakeholders. Independent assurance which is strong but supportive can provide a helpful and positive role not just to services but to elected Members and the Community at large by demonstrating that the Authority is operating effectively and protecting its assets and resources for the benefit of all its stakeholders.

## Three Lines of Defence Model



By being independent of management Audit West maintain the third line of defence and we continue to do this effectively by working with all our stakeholders - especially the Audit Committee, Statutory Officers and Senior Management – to improve the service we offer but also to provide an independent voice in supporting service change and transformation.

We also aim to offer continued value to all our clients based on the following key priorities –

- **Use of our Reasonable Assurance Model**
- **Maximising Use of Technology**
- **Investment in Skills**
- **Offering complimentary assurance services**
- **Providing Value for Money**

The remainder of this document outlines our approach and also the indicative areas for our audit and assurance plan for 2019/20.

## 2. Your Priorities & Plans

# OPERATING FRAMEWORK

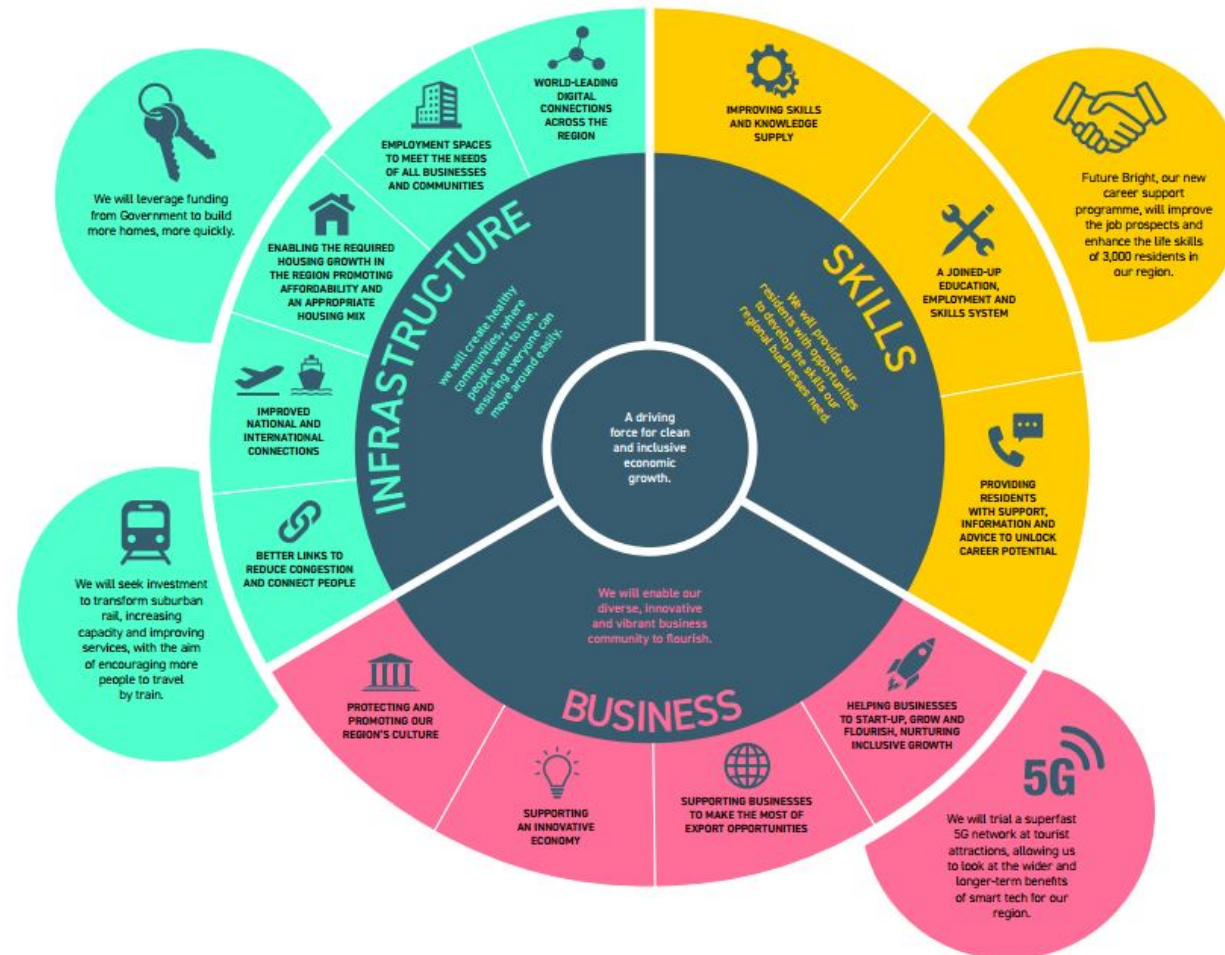
Our operating framework sets out our priorities for clean and inclusive economic growth in the West of England.

### OUR AMBITIONS

The West of England is a place of growth and innovation, where economic, cultural and environmental diversity is celebrated and forms the foundation of prosperity for all.

We are investing in people and places - including jobs, skills, transport, homes, and digital connections - to ensure we are creating healthy communities where people want to live, work and visit.

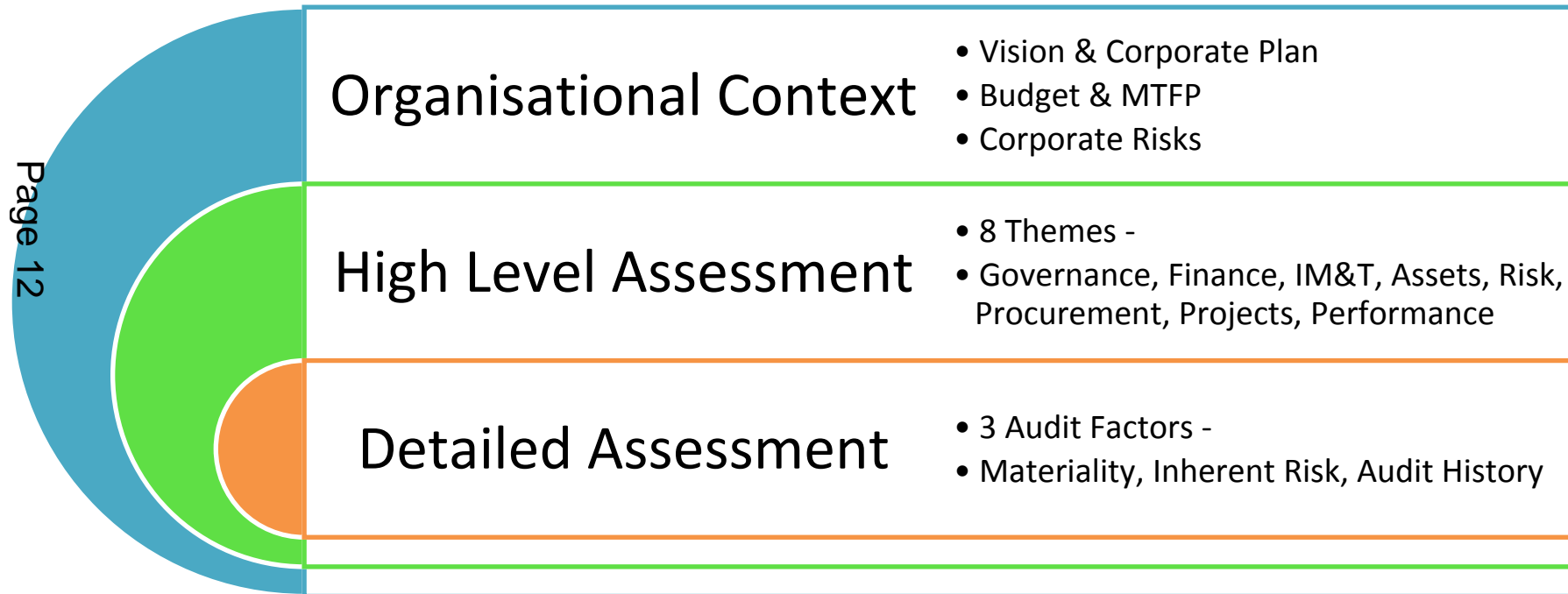
We will achieve our ambitions by investing in three priority areas: infrastructure, skills and business.



### 3. Reasonable Assurance Model – Producing the Audit Plan

The model is based on the fundamental requirement that the audit plan proposed will deliver sufficient work to enable the Head of Audit to independently assess the internal control framework and give a reasonable assurance opinion at the end of each year.

This involves considering current context of the Authority, what a 'healthy organisation' requires to operate effectively and then assessing independently against this in a staged process as follows –



**HIGH LEVEL ASSESSMENT AREAS – REASONABLE ASSURANCE**

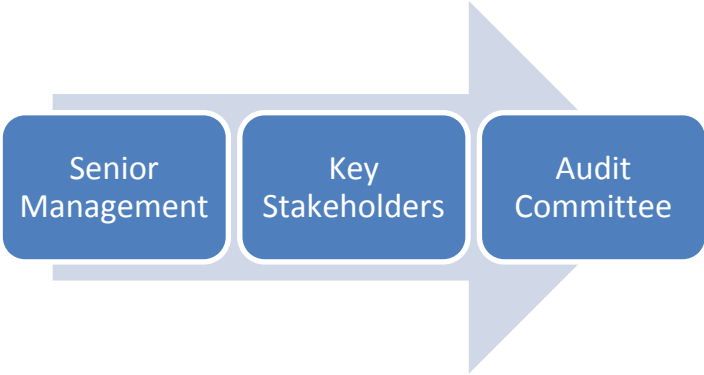


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**DETAILED CRITERIA – AUDIT PLAN LISTING**



**CONSULTATION & APPROVAL**



**Results of our Reasonable Assurance Model Risk Assessment –**

HIGH		<b>PROGRAMME &amp; PROJECT MANAGEMENT</b>			
		<b>CORPORATE GOVERNANCE</b>	<b>PROCUREMENT</b>		
		<b>FINANCIAL MANAGEMENT</b>	<b>PERFORMANCE MANAGEMENT</b>	<b>RISK MANAGEMENT</b>	
			<b>INFORMATION MANAGEMENT</b>		
			<b>ASSET MANAGEMENT</b>		
HIGH		<b>LEVEL OF ASSURANCE</b>			LOW

## 4 Areas for Review – 2019/20

Internal Audit Areas	Reasonable Assurance Theme
<b>Infrastructure &amp; Investment (50 Days)</b>	
Treasury Management	Financial Management/Corporate Governance
ICT & Financial Systems Programme	Financial Management/Programme & Project Management/ Corporate Governance
Land Acquisition Fund	Financial Management/ Programme & Project Management/ Corporate Governance
Housing Infrastructure Fund	Financial Management/ Programme & Project Management/ Corporate Governance
<b>Corporate Governance (20 Days)</b>	
Annual Governance Review (AGS)	Corporate Governance
Reasonable Assurance Model – Corporate Governance	Corporate Governance
Reasonable Assurance Model – Financial Management	Financial Management
Reasonable Assurance Model – Performance Management	Performance Management
Reasonable Assurance Model – Risk Management	Risk Management
Reasonable Assurance Model – Programme & Project Management	Programme & Project Management
Reasonable Assurance Model – Procurement	Procurement
Reasonable Assurance Model – Information Management	Information Management & Technology
Reasonable Assurance Model – Asset Management	Asset Management
<b>Follow-Up Reviews (10 Days)</b>	
Accounting Ledger – Control A/C Reconciliation	Financial Management
Bank Account Reconciliation	Financial Management
Risk Management	Risk Management
Counter Fraud Arrangements	Risk Management
Adult Education Budget	Risk & Performance Management
Future Bright	Risk & Performance Management
Grant Funding (i.e. Local Growth Fund)	Financial Management
<b>Grant Certification – LEP/Accountable Body (10 Days)</b>	
West of England – Local Growth Fund - (LEP/Accountable Body)	Financial Management/ Corporate Governance
West of England - Growth Hub Grant Claim – Certification	Financial Management
West of England - Enterprise Network Adviser Grant Claim - Certification	Financial Management
West of England - Apprenticeship Grant Claim – Certification	Risk Management
West of England - Careers Enterprise Grant Claim - Certification	Risk Management

## 5 Contact Details

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